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**HANDBOOK FOR USE IN
EDUCATIONAL PROGRAM AIMED AT
HELPING TO INCREASE STORAGE FACILITIES
FOR THE 1954 CROP OF GRAINS AND
OILSEEDS**



"With average weather, 1954 production--added to all-time record carryovers of former crops--can mean the most serious storage problems we have ever faced."--Secretary of Agriculture Ezra Taft Benson

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, D. C.

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A PROGRAM TO MEET 1954 GRAIN STORAGE NEEDS

This handbook outlines a seven-point program designed to help farmers, warehousemen, and others handle the biggest storage job our Nation has ever faced. With the expected 1954 grain and oilseed harvest, our total supplies may reach all-time record levels. Our storage shortage may be around 150 to 250 million bushels. Here are the highlights of the program:

1. Farmer action to assure adequate storage

The farmer has a primary responsibility to determine whether adequate storage is available for his crops, and to take steps to provide it if not.

2. Measures to help farmers pay the cost of constructing storage

Commodity Credit Corporation loans to finance building of new storage and to install equipment, and "reseal" fees go far to pay farm storage costs.

3. Federal income tax amortization deductions

Under new Federal law, grain producers may claim income tax deductions for amortization of new structures over a 5-year period.

4. Guaranteed occupancy of new warehouse storage

Purpose of this Commodity Credit Corporation program is to assist elevators and warehousemen to provide new commercial or cooperative storage in areas where needed.

5. Expansion of Commodity Credit Corporation storage

Commodity Credit Corporation-owned bins get carryover stocks out of the way of new farm stocks, and make more commercial storage available to farmers.

6. Assurance of building materials by industry

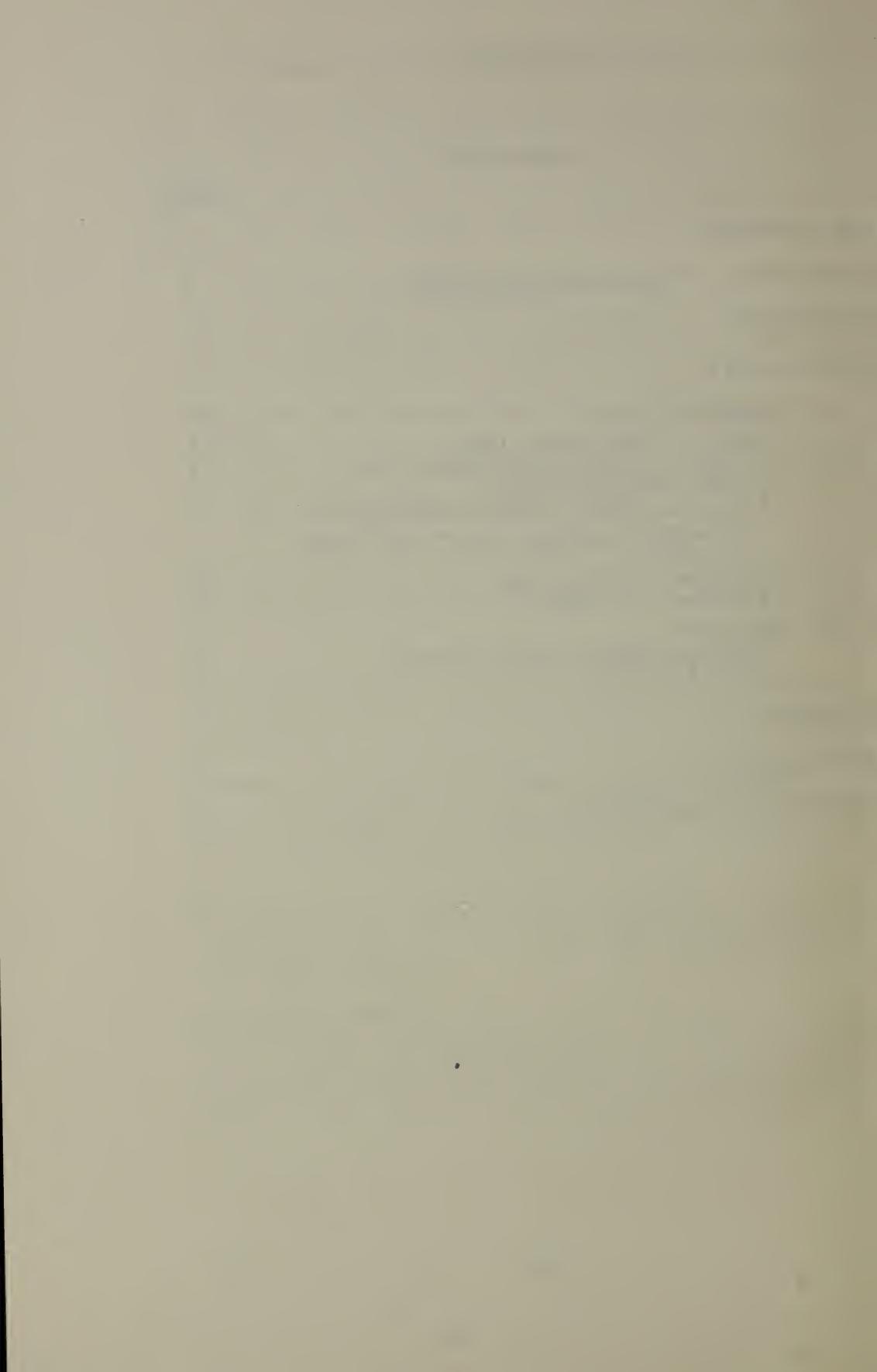
To have building materials and supplies for storing and conditioning grain on hand at the right place is a major contribution of industry.

7. Educational Program

Industry, public information outlets, the USDA and Land-Grant Colleges all have important roles to play in disseminating information to farmers, warehousemen, and others on the storage problem and how it can be met.

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THE PROBLEM

We must be prepared this year to handle the biggest storage job the country has ever faced. When 1954 grain and oil seed crops are harvested, total supplies are expected to reach all-time record levels.

Very heavy stocks from other years will be carried over -- on hand before 1954 crops come in. In the case of the two leading grain crops, wheat and corn, the estimated carryovers are the largest of record -- more than 850 million bushels of wheat, as compared with 562 million a year ago; and around 900 million bushels of corn, as compared with 769 million last year.

In measuring the storage job, this year's production must be added to the carryover supplies. The full extent of the problem therefore will depend largely on the size of 1954 harvests.

Crop Supplies May Exceed Last Year's

Much depends on the weather, of course, but with average yields on the acres farmers are expected to plant, we must be prepared for total supplies well above those of last year. On the basis of average expectancy, the supplies of feed grains, food grains, and oil seeds -- the crops for which adequate storage must be found -- may be from 300 to 500 million bushels larger in total than a year ago. If yields should turn out to be better than average, the problem would be increased.

Storage shortages can be much more acute in some sections than would be indicated by the over-all situation. Among the areas where the squeeze may be most severe are both the Northern and the Southern Great Plains, and the Corn Belt.

A still further complication, in terms of storage needs, is the fact that the Commodity Credit Corporation will already hold -- or have to take over -- an unusually large proportion of the total grain reserves. CCC had more than 425 million bushels of wheat in inventory in late March, and in addition had loans outstanding on about 550 million bushels of the 1953 crop. Even though some wheat "comes out" of the price-support positions to meet current needs, it is obvious that CCC will hold a very large part of the total carryover. The same general situation holds for corn and other price-support crops.

Some increases in total storage capacity for 1954, as compared with last year, are definitely scheduled. Substantial amounts of new commercial storage are signed up under the "occupancy guarantee" program; farmers have added some on-farm storage; emergency ship and other storage has been secured.

Storage Shortage May be 150 to 250 Million Bushels

In spite of these expected increases, however, there will still be a gap between available facilities and the anticipated total needs. On the basis of the "average expectancies", this shortage may be around 150 million to 250 million bushels. This is a general measure, subject to change as the situation develops, of the additional storage which must be provided by the time 1954 crops are harvested.

Adequate storage is essential if crops are to be handled efficiently and marketed in an orderly way. It is essential for the effective operation of the price support programs. A farmer must have his crops in satisfactory storage facilities in order to qualify for the price-support loans.

EDUCATIONAL PROGRAM OBJECTIVE

The over-all objective is to obtain adequate storage facilities for the 1954 crop of grain and oilseeds so that farmers can handle their crops efficiently, market in an orderly way, and benefit fully from price support programs.

The utmost in teamwork will be required to meet the situation this year. Farmers, commercial and cooperative storage services, and the government must all do their full part.

The objective of the program can be reached by taking such steps as:

1. Alerting farmers, industry and others concerned to the seriousness of the situation.
2. Providing farmers and industry with all needed information regarding government aid in obtaining additional storage, storage requirements for price supports, and effective measures in maintaining the quality of the stored products.
3. Encouraging farmers to make sure they have adequate storage facilities for their crops. This calls for an immediate checking up on available storage space. Where existing facilities are not adequate, steps should be taken to obtain the needed additional storage. Where additional on-the-farm storage is needed, materials or units should be ordered and construction started to make sure such storage is ready in time.
4. Encouraging industry to secure and have available materials for the construction of additional storage.
5. Organizing local campaigns to survey needs and to take all necessary steps to assure adequate storage facilities.
6. Seeking the cooperation of mass media outlets--press, radio and television--in helping to disseminate needed information.

THE FARMER

Farmers have a primary responsibility for seeing to it that storage is available for housing their crops--either in elevator space or on the farm. However, because of the extent of the problem -- and its bearing not only upon agriculture but also upon the national economic welfare -- both Government and industry have an obligation to take all feasible steps to help assure adequate storage.

The farmer has a direct stake in making sure he has a place for his crop. It has to do with orderly marketing and the price he gets. There may be a substantial loss if the crop has to be dumped on a glutted market, or if it cannot be handled at the time of harvest. In recent years many farmers have sold grain and oilseed crops at harvest time for from 30 to 50 cents a bushel under support prices. The loss on such sales in one year, in many instances, was enough to have paid for storage to have taken care of the crop.

TO ASSURE ADEQUATE STORAGE A FARMER CAN:

1. Check to see if suitable storage for 1954 crops of grain and oilseeds is available.
2. Take necessary steps to provide such storage if it is not available.

Providing storage on his own farm is one way a farmer can be sure he has a place for his crop. Programs provided by the government go far to cover the cost of such facilities. For example, farm storage facility loans can be used to finance up to 80 percent of the cost of new storage; through Federal income tax he can amortize the cost of such storage over a 5-year period; storage equipment loans are available to finance up to 75 percent of the cost of drying equipment.

Another advantage of farm storage is that it can be made available for use in a relatively short time. Prompt action can assure a place for this year's crop. With suppliers alerted to needs, materials for such additional storage can be obtained readily.

In any event, it is good business on the part of a farmer to provide enough storage to take care of his crop -- not only this year but in the years to come. With suitable storage assured, a farmer can go ahead with other plans for more efficient operations on his farm. This applies particularly where part or all of the grain is stored for feeding.

Where farmers are depending on commercial storage, arrangements for such service should be made early. This will give commercial storage houses an opportunity to plan their operations more efficiently--to help assure a place to put crops at harvest time.

THROUGH TAKING STEPS NOW TO ASSURE SUITABLE
STORAGE FARMERS WILL:

1. Help stabilize the market.
2. Be able to market in an orderly manner.
3. Avail themselves of the full benefits of the price support program.

GOVERNMENT

A. Action Programs

To aid in the expansion of storage facilities--especially farm storage--for grain and oilseed crops, the Federal Government is making available the following specific types of assistance:

Farm Storage Facility Loans

The Commodity Credit Corporation has extended for another year--through June 30, 1955--the period during which its farm storage facility loans will be available to farmers.

These loans, which are available through local banks or direct from the local Agricultural Stabilization and Conservation (ASC) County Committee, can be used to finance up to 80 percent of the cost of new storage facilities built or bought by farmers for the storage of grains and other storable crops. They are available to producers of wheat, corn, oats, rye, barley, grain sorghums, soybeans, dry edible beans and peas, rice, peanuts, cottonseed, flaxseed, hay seeds, pasture seeds, and winter cover crop seeds.

Intended to supplement local credit services when normal lending agency credit is not available, the loans are at 4 percent interest per year and are repayable over a 4-year period. Last year around 30 million bushels of farm storage capacity was added under this program.

Income Tax Amortization Deductions

Under a new provision of Federal law (Public Law 287, 83d Congress, Section 206, signed by President Eisenhower August 15, 1953), any grain producer who has built or builds a corn crib or grain bin after December 31, 1952 is allowed a Federal income tax deduction for amortization of the structure over a period of 5 years following the date of construction. The 5-year amortization deduction is allowable also on new commercial and cooperative storage elevators and warehouses.

Eligible storage facilities include any "corn crib, grain bin, or grain elevator, or any similar structure suitable primarily for the storage of grain" or any "public grain warehouse permanently equipped for receiving, elevating, conditioning, and loading out grain." The amortization provision applies also to any alteration or remodeling of a grain

storage structure that increases the capacity of the structure for grain storage.

No application for the income tax deduction is required. The decision by the farmer or warehouseman to take the amortization deduction can be announced simply by a statement to that effect in the income tax return for the taxable year in which the storage structure is completed.

Storage Equipment Loans

Storage equipment loans of the Commodity Credit Corporation also will be available to farmers until June 30, 1955. Through these loans farmers can finance up to 75 percent of the delivered and assembled cost of drying equipment needed for proper conditioning of farm stored crops. Eligible drying equipment includes mobile mechanical dryers, air circulators, ventilators, tunnels, and fans.

The loans are intended to assist farmers who need additional financial help to get and maintain their crops in the storage conditions required for commodities under CCC loan. They are available through the local Agricultural Stabilization and Conservation (ASC) County Committee, and are repayable in three annual installments. The interest rate is 4 percent a year.

"Reseal" Program for Farm-Stored Grains

A "reseal" program for 1953-crop farm-stored grains now under CCC loan provides that farm-stored stocks of corn, wheat, oats, barley, grain sorghums, rye, and flaxseed can be resealed for another program year after the maturity of the original 1953-crop CCC loans. Farmers can also convert purchase agreements on these commodities, if held in farm storage, into price support loans for the extended period.

Farmers who reseal their 1953-crop farm-stored grains, which have been under CCC loan or purchase agreement, will receive a storage payment in line with the 1954 Uniform Grain Storage Agreement rates. Reseal rates per bushel--storage payments farms can earn for keeping grain on the farm for another year--are: corn--15 cents, barley--15 cents; oats--11 cents; flaxseed--16 cents. Other rates, which vary by States, are: wheat--13 to 15 cents, rye--14 to 16 cents; grain sorghums--26 to 28 cents per hundredweight.

This "reseal" program is designed to ease storage pressures, with producers holding grain on the farm for another year and earning a storage fee that will help pay the cost of new facilities.

Guaranteed Occupancy of New Warehouse Storage

To assist elevator owners and warehousemen in providing new commercial or cooperative storage in areas where

additional storage facilities are needed, the Commodity Credit Corporation contracts to make payments to them in the event that occupancy of approved new storage construction falls below specified levels during a period of 5 or 6 years after construction, depending on the plan of guaranteed occupancy elected. The new construction is intended primarily for farmers' use, with CCC stocks to be stored in the new space primarily as needed to maintain the guaranteed levels of occupancy.

The occupancy contracts are available on newly constructed commercial type elevators, new additions to existing commercial elevators, and on existing facilities converted to commercial elevator storage. As of early March 1954, approved applications for construction under the program were at a net total of about 200 million bushels of new storage capacity.

Expanded CCC Bin Sites

During the past year the Commodity Credit Corporation awarded contracts for the purchase of 16,520 storage structures -- with a total capacity of approximately 96 million bushels -- for erection at CCC bin-sites in Illinois, Iowa, Kansas, Michigan, Minnesota, Nebraska, South Dakota, and Wisconsin. This brought CCC bin-site storage capacity, which is used when adequate commercial storage is not available, to a total of approximately 635 million bushels. The Department is preparing to buy additional bins this year with capacity up to 100,000,000 bushels. This would bring total CCC facilities to around 735,000,000 bushels.

By storing a large part of its holdings of grain at bin sites, CCC brings about three desirable results:

1. It gets carryover stocks out of the way of the new harvest on the farms.
2. CCC removes itself from competition with farmers for the limited commercial storage space available for corn in the bin-site areas.
3. Even though corn carryover stocks are removed from the farms they are still kept in the area where they will eventually be fed.

Emergency Storage

Last year to meet needs for grain storage the Department took a number of emergency measures, including use of empty military warehouses and of reserve fleet ships in the Hudson and James Rivers for storage of CCC-owned wheat that otherwise would have continued to occupy much needed space in commercial elevators. The Department also offered distress loans in areas where this was feasible on wheat temporarily stored by farmers on the ground.

Already steps have been taken to help meet the expected storage situation during the 1954 harvest season. Arrangements have been completed for the use of 50 additional ships on the James River (50 ships on the James and 75 on the Hudson are already in use under last year's program) and 130 ships in the Pacific Northwest, where this type of emergency storage has not been used before. These additional ships will provide CCC with new emergency ship storage for approximately 40 million bushels of grain (in addition to the 28 million bushels already stored under last year's program). Also, preparations are under way for a survey of other emergency storage facilities that could be made available for use by CCC if necessary in the interior of the country.

B. Education

Extension Service Participation

Through the Cooperative Extension Service, a special educational and demonstration program will explain to farmers, elevator operators, and others concerned:

1. The seriousness of the situation locally and nationally, based on prospective grain production, available storage, costs, prices and economic value.
2. Availability of government storage facility and equipment loans and other programs to help farmers and the trade provide storage for grain, and how these programs can be used to meet their needs in 1954.
3. The latest facts about research results and local experience on how to provide storage facilities and how to store and handle grain to maintain quality value and prevent loss from insects, rodents, excessive moisture, etc.

Additional emphasis will be given the program by grain, insect, disease, economic, public information, and other specialists at the State agricultural colleges. This will be done through supplying latest research and other specialized facts to county agricultural agents, to industry and other groups and through statewide press, radio, television, and other mass information services.

USDA Facilities Will Support Local Programs

Local educational programs will be backed up by the full facilities of the U. S. Department of Agriculture where extension, research, marketing, public information and stabilization service specialists will provide State workers with the latest research and situation information, help them adapt research results to the pending emergency and do everything possible to explain the situation nationally. Material sent to the State extension services will include suggested regionalized publications on practical grain storage facilities, the

economics of grain storage on the farm, etc., for localization and use in the State.

On a national basis, the Department's broad information outlets will be utilized fully in support of storage program objectives. This will include the dissemination of information through national radio networks, television, 550 radio farm program directors, 235 farm magazine and newspaper farm editors, trade publications, and other such channels.

INDUSTRY

The industry which builds storage facilities or provides materials and equipment can help in two major fields of activity:

1. To have materials and supplies for storing and conditioning grain on hand at the right time and the right places.
2. To use trade and advertising outlets and direct contacts as a means of bringing to the attention of farmers and others (a) the seriousness of the storage situation; and (b) what can be done to meet the problem.

This will require that industry be provided, at the earliest possible time, with definite information on localities where storage problems are expected to arise.

Industry should be encouraged to survey inventories in light of these needs and carry through on the following checklist:

1. See that there is an ample supply of approved bins at the proper locations, or that materials and approved plans are available for farmers who want to construct bins.
2. See that provisions are made for drying and conditioning equipment in these same key areas. Manufacturers of fans, coolers, dryers, and handling equipment such as conveyors, should be alerted.
3. Suppliers should check the availability of equipment for proper fumigation and see that adequate supplies of chemicals are on hand.

Industry Can Assist in Educational Program

Industry can participate in the educational program through such activities as:

1. Stressing objectives of the campaign in materials prepared for farmers.
2. Assisting educational agencies with personnel and equipment in holding demonstrations and other information activities on the building of farm storage.
3. Stressing the objective of the educational program through and by means of its own field forces and in all direct contacts--such as house organs, special mailings, advertisements, and through direct contact with the farmers.

COPY SLANTS

In the preparation of material for press, radio, television or for copy to be used in advertising, the following are major points in the campaign:

1. The biggest storage job in history.
Carryover plus this year's production is expected to result in the greatest total supply of grain and oilseeds we've ever had. Unless immediate and effective action is taken by farmers, industry and government, storage facilities may be far short of needs to take care of supplies.
2. Storage necessary for price supports to be fully effective.
Acceptable storage is required to obtain the regular price support loans. In the main, farmers cannot benefit fully from price support programs unless they have suitable storage for their crops.
3. Government aids will help cover cost of storage.
Farm storage facility loans, income tax amortization deductions, and storage equipment loans are available to help farmers provide needed storage facilities on their farms. Guaranteed occupancy for new warehouse storage protects investments in commercial storage.
4. Build farm storage and be sure of a place for your crop.
Prompt action will mean this storage can be ready for the 1954 crop. A farm storage facility loan is available to finance up to 80 percent of the cost. Deductions can be made from income taxes over a period of 5 years to cover the entire cost of such storage.
5. Farm storage is good business.
Crops can be marketed in a more orderly way. They don't have to be sold below support levels. A CCC loan will help meet production and other expenses. The entire farming operation can be carried on in a more business-like and efficient manner.
6. Don't wait--You may be too late!
Farmers should check immediately to make sure they have storage for their 1954 crops. This applies whether they intend to store on the farm or in commercial storage.
7. Don't be caught short.
Unless definite action is taken by all concerned--farmers, industry, government--the Nation faces the

possibility of not having enough storage to house supplies of grain and oilseeds when the 1954 crop is harvested.

8. Teamwork does it.

With farmers, industry and government working together, necessary steps can be taken to assure enough storage to take care of record supplies of grain and oilseeds. This calls for immediate action on the part of all concerned. It calls for full and complete co-operation.

INFORMATION MATERIALS AVAILABLE ON SUBJECT OF GRAIN STORAGE

Publications:

Storage of Small Grains and Shelled Corn on the Farm
(FB-2009--1949)

Handling and Storing Soft Corn on the Farm (FB-1976--1945)

Storage of Ear Corn on the Farm (FB 2010--1949) for sale
by Superintendent of Documents, Government Printing
Office, Washington, D. C. - 10¢

Insects in Farm-Stored Wheat (Leaflet No. 345--July 1953)
Drying Shelled Corn and Small Grain with Heated Air

(Leaflet No. 331--1952)

Drying Ear Corn with Heated Air (Leaflet No. 333-1952) Drying Ear Corn with Heated Air (Leaflet No. 334-1952)

Drying Ear Corn with Unheated Air (Leaflet No. 334--1952)
Factors to be Considered in Locating, Planning, and
Operating Country Elevators (Marketing Research Report
No. 23--June 1952) for sale by Superintendent of Docu-
ments, Government Printing Office, Washington, D. C. -
604

60¢
Grain Bin Requirements (Circular No. 835, March 1950)
for sale by Superintendent of Documents, Government
Printing Office, Washington, D. C. - 10¢

Farm Building Plans for Grain Storage and Multiple Use--
available from State Extension Services and county agricultural agents.

Slide Film

Grain Sanitation (1954) - Available from Photo Lab, Inc.
Film No. 708 \$1.25 3825 Georgia Ave., N. W.
Washington, D. C.

Single copies of prints have been sent to State Extension Editors at Land-Grant Colleges.

TV Package

Farm Storage (1953) Office of Information, USDA

Includes suggested script and silent motion picture footage on the importance and benefits of adequate farm

storage, different types of storage facilities, and the part storage will play in this year's feed grain picture.

Exhibits

(Available to educational institutions and associations upon payment of transportation costs)

Drying Grains (1952) - 11 ft. (900 lbs. shipping weight)

Protect Farm Stored Grain from Insects and Rodents - 13 ft. (508 lbs. shipping weight)

Note: The information materials listed above may be obtained from the U. S. Department of Agriculture, Washington 25, D. C. except as indicated. Additional material is available from State Agricultural Colleges, Extension Services and Experiment Stations. Often such material gives more detail on local problems and ways of meeting them than do the more general materials prepared for national distribution.

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